1H23 RESULTS

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23 February 2023

Authorised for release by the **humm**group Board of Directors

humm Group Limited, ACN 122 574 583
Level 1, 121 Harrington Street, The Rocks, Sydney NSW 2000

CORE STRENGTH – IN TWO BUSINESSES

BIGGER TICKET FINANCIER

$3.8b
in receivables + 27% on pcp

<1.2%
in small ticket Point of Sale Payment Plans ("PosPP")

Average ticket value of $4.5k in Consumer

Average loan value of ~$100k in Commercial

ROBUST CREDIT PERFORMANCE

1.95%
Net Loss/ANR

Historical low for the Group down from 2.85% in 1H22

Delivered by process and technology improvements combined with good returns in debt sales

25+ year heritage in finance and risk management

COST REDUCTION

$14.9m
costs removed between 1H22 and 1H23

Reductions in marketing ($6.9m), AU and NZ payroll costs ($6.3m) and other operating costs ($1.7m)

STRONG BALANCE SHEET POSITION

$103m
of unrestricted cash

$1.1bn
warehouse headroom

$100m
in undrawn corporate debt

$150m growth facility executed in December 2022

PROFITABLE GROWTH

$38.5m
Normalised Cash Profit (after tax) in 1H23 +2% on pcp

$16.7m
CNPAT in 1H23

1.0c
Fully franked interim dividend

New measure of Normalised Cash Profit (after tax)

Profitable business to support growth and dividends

AGENDA

TO BE THE FAVOURED WAY TO PAY FOR BIGGER PURCHASES

	CONSUMER FINANCE	flexicommercial
POSITIONING	#1 POS financer for transactions over $500	ANZ leading provider of specialist asset finance
RECEIVABLES	$1.84bn	$1.94bn
VERTICALS/ INDUSTRIES	Health // Car Servicing // Solar // Home // Travel	Logistics // Engineering // Agriculture
CUSTOMER PROFILE	Families aged 35+ Home owners	SMEs looking to grow
$ATV[1]	$4,500	$100,000
NORMALISED CASH PROFIT*	$19.2m	$19.3m
CASH NPAT*	$2.1m	$14.6m
NET LOSS/ANR[2]	3.3%	0.6%

CORE EXPERTISE

>> Instant credit decisioning

>> Continual credit improvements driven by data and scale

>> Collections strategy and management

>> Funding and securitisation to gain competitive advantage and improve capital efficiency

*Post tax. 1. ATV for Consumer includes **humm** 'Big things', NZ Cards LTIF and AU Cards LTIF. 2. Consumer finance ratio for receivables based products only – **humm** 'Big things' and NZ and AU Cards.

PERFORMANCE DRIVERS

CLOSURE OF NON-CORE PRODUCTS

Products run-down by 30 June 2023

FY23
- ✓ **humm** NZ, **humm**pro AU and NZ in run off
- ✓ Systems switched off by 30 June
- ✓ **humm** UK plan executed
- ✓ Reduced **humm** 'Little things' volume and lower losses

FY24+
- Reduction in net loss and operating costs from suspended products
- Complete exit of discontinued products

COST OUT INITATIVES

$14.9m in costs removed between 1H23 and 1H22

FY23
- ✓ $1.5m investment to re-platform core systems (duplicate cost)
- ✓ $6.3m reduction in AU and NZ people costs
- ✓ $6.9m reduction in marketing
- ✓ On track for $15-20m in savings

FY24+
- On track for $20-25m of annualised cost savings
- Re-platforming global technology systems with duplicate costs to be removed

MARGIN PRESSURE

Commercial Front book NIM higher than prior 12-month period

FY23
- ✓ Executed Commercial book repricing – normalised front book NIM achieved
- ✓ Consumer repricing commenced and will continue into 2H23
- ✓ 2020-22 BT competitive pricing reflected in back book yield

FY24+
- BT competitive environment expected to ease due to reduced competition
- Yield improvement across health, solar, automotive and home improvement

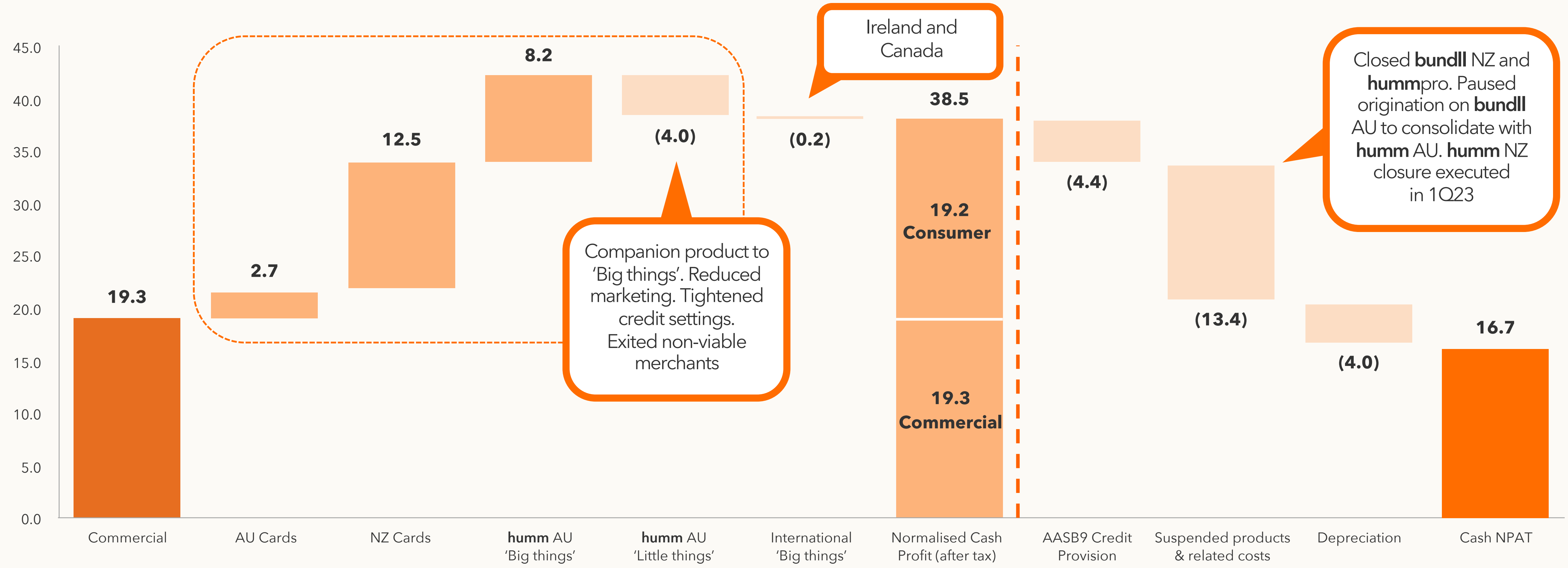
VOLUME GROWTH

Volume growth across all products

FY23
- ✓ $744.8m in new business volume added in Commercial for the period
- ✓ **humm** 'Big things' back to growth in Solar and Health. Expanded distribution as competition eases
- ✓ Return to growth in AU Cards from increased travel spend

FY24+
- Strong growth in Commercial receivables and income
- Strong growth in Consumer finance receivables and income

NORMALISED CASH PROFIT[1] TO CASH NPAT WALK



1. After tax. Note: Product view of Cash NPAT for PosPP is sourced from **humm**group management accounts.

01

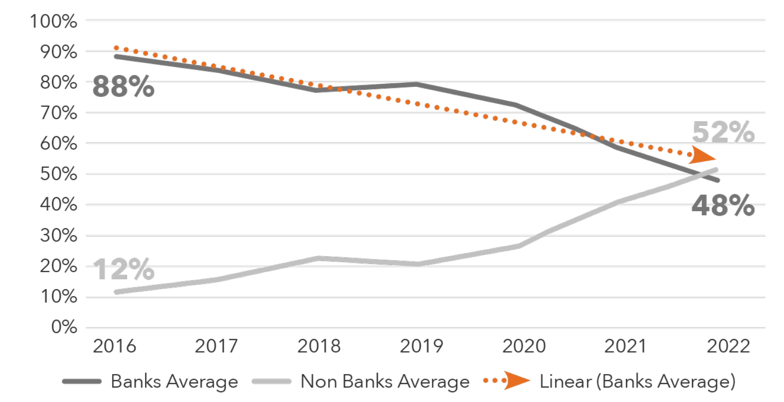
COMMERCIAL UPDATE

flexicommercial® | NON-BANK LENDER TIPPING POINT

MORE SMEs CHOOSE NON-BANKS

TIPPING POINT REACHED

- >> Total addressable market for equipment finance $45b[1] in AU and $8b in NZ[1]
- >> Non-bank lenders overtook banks as providers of SME lending for the first time[2]



BROKER CHANNEL

WHY DO SMEs USE BROKERS?

- >> Convenience
- >> Advocacy
- >> Best fit

15-20k
brokers in AU, NZ a growing market

73%
of AU asset loans are sold through brokers

4,500
mortgage brokers now offer asset finance

95%+
of brokered asset loans are <$1m

DIFFERENTIATED APPROACH

BROKER ONLY

- >> Best service provider to brokers
- >> Brokers the sole channel

SPECIALIST SME LENDER

- >> Specialise in asset finance to capital intensive businesses – opportunities to broaden industry and product

EXCEPTIONAL SME EXPERIENCE

- >> 24hr approval and same day settlement
- >> Full spectrum of lending from low doc to full credit assessment
- >> Focusing where the market is underserviced

1.AFIA 2022. 2. Source: COG Financial Services Ltd.

flexicommercial | INVEST & GROW BROKER CHANNEL

- ANZ's leading provider of specialist asset finance with over $1.94b in receivables[1]
- Primarily offers equipment finance to growing SMEs to fund the purchase of revenue-generating assets. >600k SMEs within the target customer segment
- Key differentiators include speed to decision and settlement, and specialist offering for capital intensive businesses
- Profitable, growing business with strategy to build a scaled financial services business through organic and inorganic growth

~$100k

average deal size in FY23

~5,679

deals settled in 1H23

~680

brokers with one or more deals in 1H23 (FY22: 650)

TOP 3 ASSETS FINANCED

Transport

Civil Engineering

Light Commercial Vehicles

MARKET LEADING SERVICE DRIVEN BY TECHNOLOGY

~80%

of deals decisioned same day – **up from 45%**

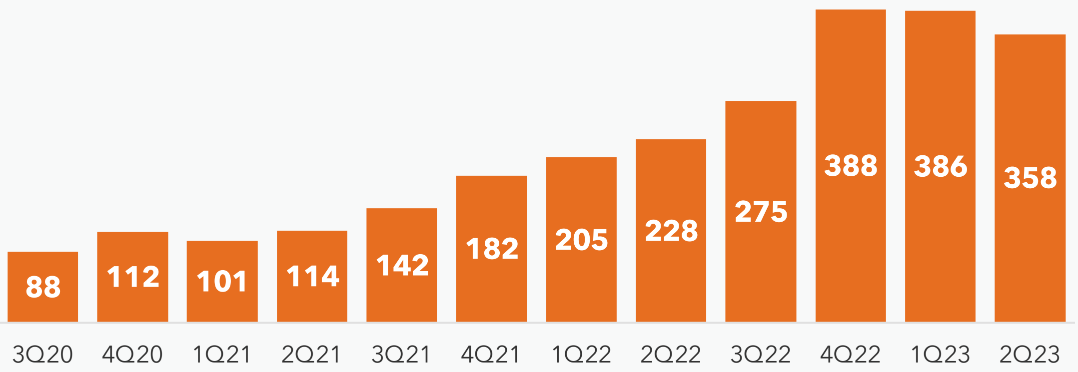
~39%

of approved deals are automated – **up from 35%**

1. Based on information from aggregators.

flexicommercial® | GROWTH AND MARGIN

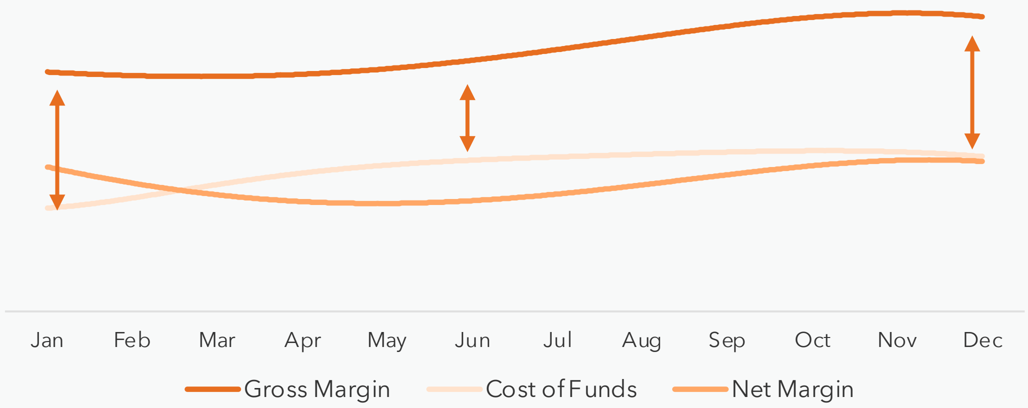
QUARTERLY VOLUMES: AU AND NZ COMMERCIAL



EXCELLENT GROWTH MOMENTUM

>> Onboarded 120 new brokers and increased receivables to $1.94b
>> Automation driving efficiencies and operational leverage
>> Seasonal peak of 4Q22 due to end of financial year tax incentives
>> Automation driving efficiencies and operational leverage
>> Normalised Cash Profit (after tax) up 12% on pcp to $19.3m

MARGIN TREND ON FRONT BOOK

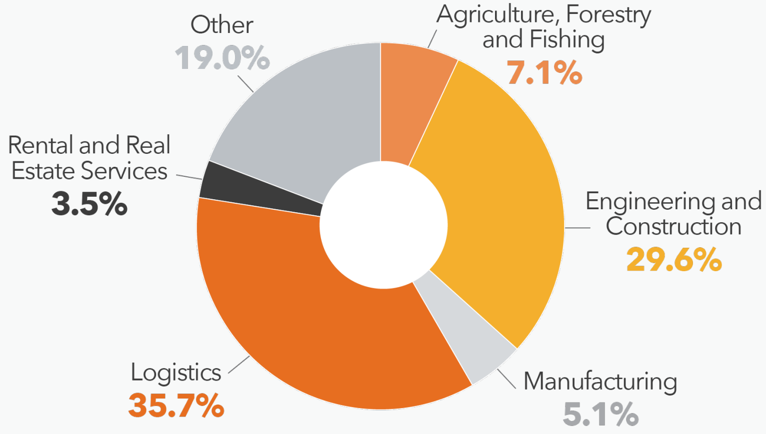


NET INTEREST MARGIN IMPROVEMENT IN Q2

>> Slight margin compression in 1Q23 due to unprecedented increase in base rates in Australia and New Zealand funding costs
>> Benefits of repricing initiatives executed in 2Q23
>> Front book NIM now at a higher level than prior 12-month period

flexicommercial | STRONG CREDIT PERFORMANCE

SECTOR CONCENTRATION

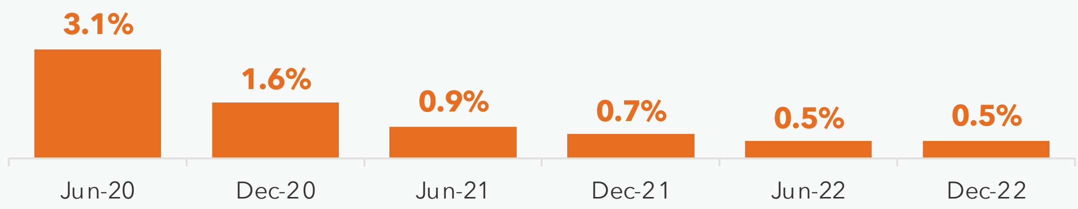


BROAD BASED SECTOR EXPOSURE

- Industry priorities in logistics, civil engineering and agriculture
- Focus on assets with strong retained value and strong demand on the re-sale market
- Low concentration risks
- Average ticket size of $100,000

DELINQUENCY

30+ days past due

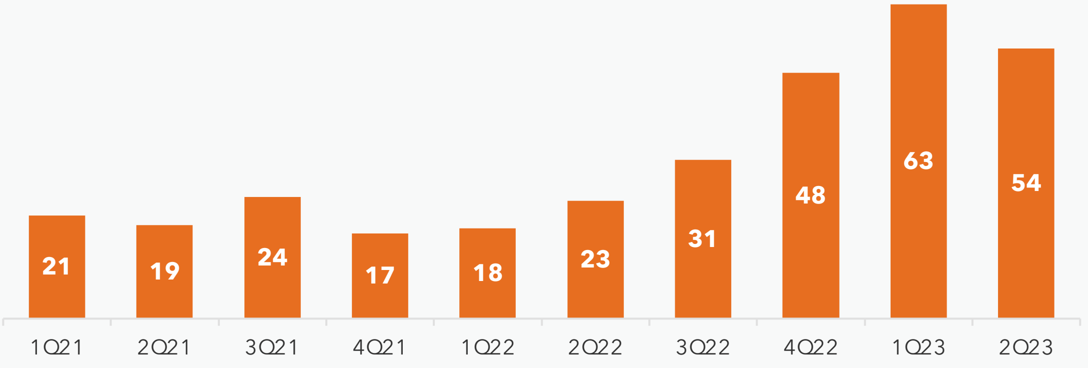


STRONG CREDIT PERFORMANCE CONTINUES

- 30+ days past due consistently declined due to improved underwriting, better collections capabilities and improved systems
- Volume growth has been achieved while maintaining credit quality with net loss/ANR of 0.6% remaining flat on pcp
- Lower losses and better recoveries

flexicommercial® | SIGNIFICANT OPPORTUNITY IN NZ

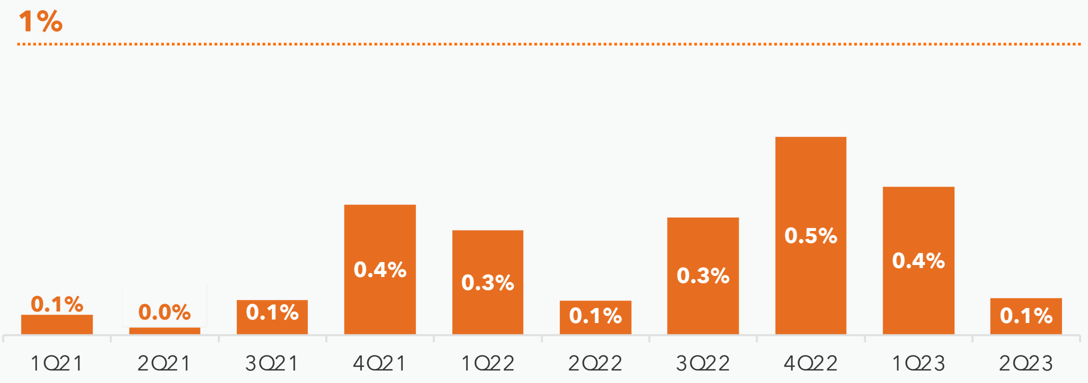
QUARTERLY VOLUMES (NZ$M): NZ



BROKER LED STRATEGY GAINING MOMENTUM

- Acceleration of the adoption of the broker led equipment finance model while maintaining existing profitable channels
- Mirroring the success of the Australian model with refinements to suit the local market
- Secured strong, local talent
- Taking leadership position in further developing the broker community in NZ

NET LOSSES TO RECEIVABLES (%): NZ



MAINTAINING CREDIT QUALITY

- Business model is transitioning from higher volume/lower ticket size technology assets to lower volume/higher ticket size equipment finance
- Slight uptick in losses, however still at historical lows
- Anticipate long-run credit performance similar to the AU business

02

CONSUMER FINANCE

CONSUMER FINANCE SECTOR DYNAMICS

COMPETITIVE LANDSCAPE

Merchants and customers still in love with interest free instalment payments.

Increasing cost of funds and regulatory changes exposing unsustainable business models.

Decreasing competition (particularly in large ticket verticals) improving merchant service fees and increasing potential partners.

With competition abating **humm**group is uniquely placed to profitably grow market share and will focus on 'Big things' Point of Sale Payment Plans (PosPP), in our chosen verticals, that meet our stringent return hurdles.

TREASURY REVIEW – RESPONSIBLE LENDING

hummgroup overall supports the intent of the Options Paper in increasing consumer protection and was heavily involved in the development of the BNPL Code which was similarly focussed on consumer protections.

hummgroup supports bringing BNPL within the application of the National Credit Code to require BNPL providers to comply with responsible lending requirements which are calibrated to the level of risk of BNPL products and services.

Unlike other players, **humm**group provides finance in both regulated and unregulated segments, we are well placed to adapt and have appropriate systems and procedures ready.

Code Compliant
Buy Now
Pay Later
AFIA

OUR CONSUMER FINANCE BUSINESS

$1.84B RECEIVABLES | 2% $44m

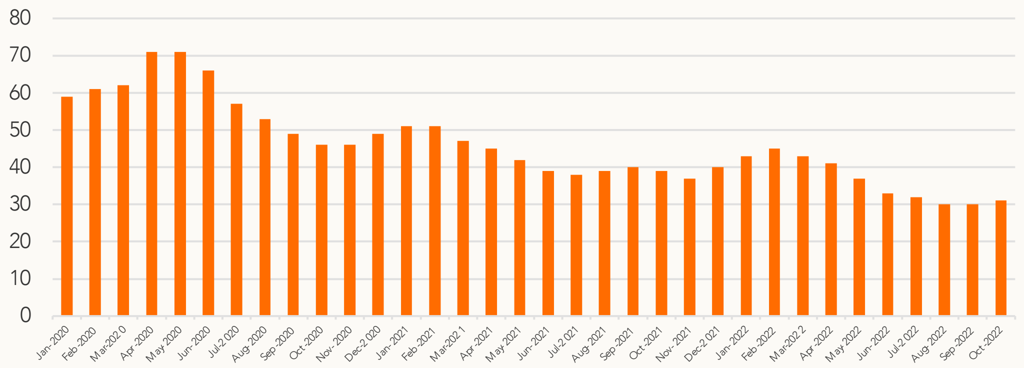
	NZCards	humm90	humm 'Big things'	humm 'Little things'
POSITIONING	Point of sale interest free instalments • Average ticket $4,500 • Reduced competition			• Small ticket 'Pay in 5' • Average ticket $250 • Highly competitive
MARKET POSITION	• Leading issuer of new credit cards in market (1 in every 3 cards issued is a **humm**group product) • Moderate growth • Strong, sustainable profit	• Card designed for the traveller: no FX fees • Facilitates the purchase of interest free holidays – and other large household purchases	Domestically the #1 interest free provider in: • Transactions >$500 • Residential solar • Home improvement • Key health verticals – private audiology and dental	• Companion product to 'Big things'
OPPORTUNITY	• 2.8m New Zealanders spending $4.3b a month on credit cards • Partnerships with leading NZ brands	• Capturing the return of increased travel spend	• Merchant consolidation as competitors face challenges • $349b TAM across core verticals • Facilitates the purchase of 'necessities' in a rising interest rate and inflationary environment	• One solution for merchants looking to span small through to big transactions

NZ CARDS: RECEIVABLES RETURNING TO GROWTH

1H23 PERFORMANCE

- $381m volume up 6% on PCP, with customer spending habits normalising after the pandemic
- A 10bps improvement in net loss with improved customer arrears
- Normalised Cash Profit after tax down 26% to $12.5m due to accelerated paydowns of card balances (across the Cards market)
- Growth in receivables commenced in 2Q23

NZ MARKET PAYDOWNS – BALANCES >90 DAYS



https://www.rbnz.govt.nz/statistics/series/lending-and-monetary/credit-card-balances (hc12-month end)

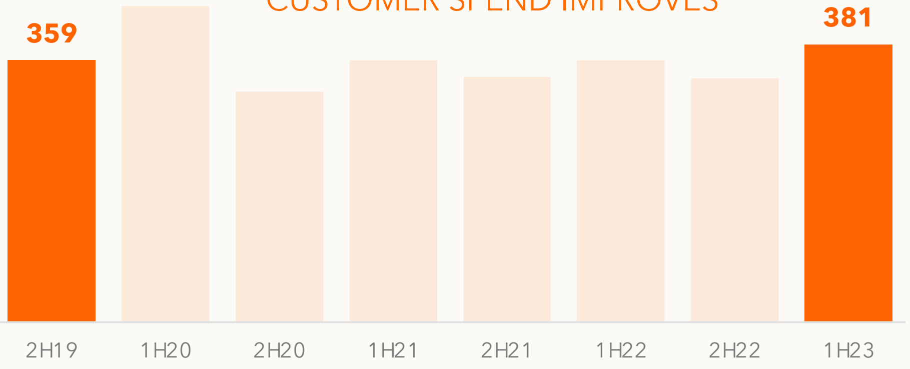
1. Centrix Credit Bureau NZ May 2022.

2H23 FOCUS

- Benefits of back book repricing initiatives executed in 1H23 will flow through into 2H23
- Activation of Long Term Interest Free cards and conversion to daily spend
- Reduction in cost to serve with the delivery of self-serve capability
- Ongoing enhancement to serviceability calculations to account for increases in mortgage repayments and living expenses

NZ CARDS VOLUME (A$M)

CUSTOMER SPEND IMPROVES



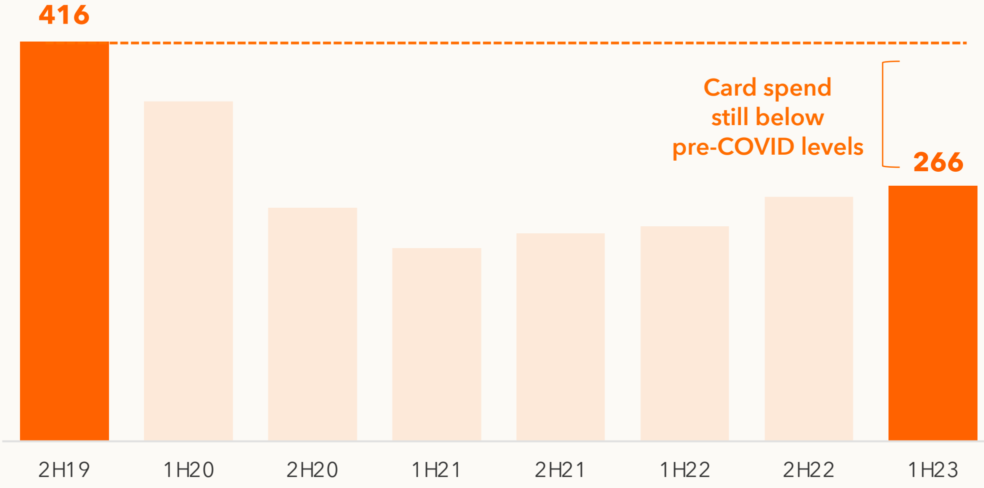
AU CARDS: READY FOR THE TRAVEL REBOUND

1H23 PERFORMANCE

- Volume growth of 19% on pcp as customer spending behaviours begin to normalise following the pandemic – however still below pre-COVID-19 levels
- Receivables growing in line with volume growth
- Income from interest bearing balances from LTIF volume to be realised in future periods
- 30 bps improvement in credit loss to 2.6% (net loss to ANR) with lower customer arrears
- Normalised Cash Profit up $2.7m on pcp with lower interest bearing balances and higher funding costs more than offset by lower operating costs

AU CARDS VOLUME (A$M)

THE RETURN OF TRAVEL

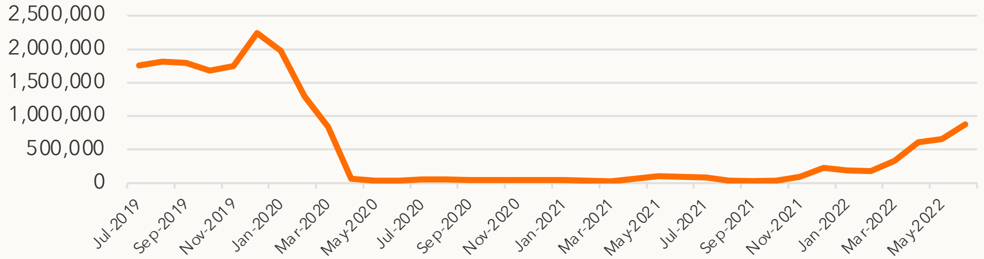


2H23 FOCUS

- Strong volume growth in long term interest free travel in 1H23 will translate into income in future periods, typically 12 months from origination
- Merchant repricing took place in 1Q23 with price increases passed onto consumers in 3Q23
- Working with our travel partners to capture a higher proportion of spend, while demand outstrips supply

INTERNATIONAL TRAVEL – DEPARTURES

ABS – NOV 2022 DATA



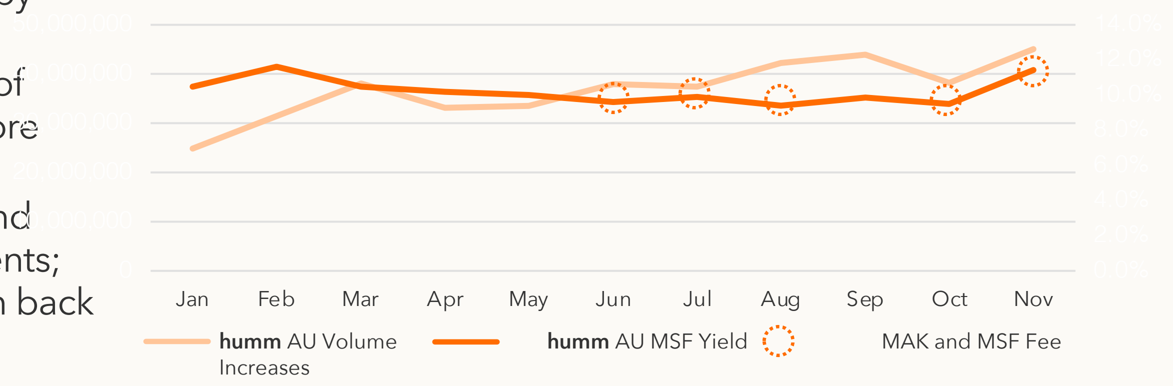
POS PAYMENT PLANS: FOCUS ON PROFITABLE 'BIG TICKET'

1H23 PERFORMANCE

- Volume increase reflects the 'Big things' growth focus supported by companion small ticket e-commerce purchases
- **humm** AU 'Big things' volume up $22m in 1H23 offset by $67m in lower volumes from suspended products
- **humm** AU 'Big things' Normalised Cash Profit after tax of $8.2m offset by AU 'Little things' ($4.0m) and net offshore totalling ($0.2m)
- Consistent and stable volumes while increasing MSF and monthly and annual fees and exiting non profitable clients; improving front book yield by c80bps (now higher than back book yield)

PosPP VOLUME (A$M)

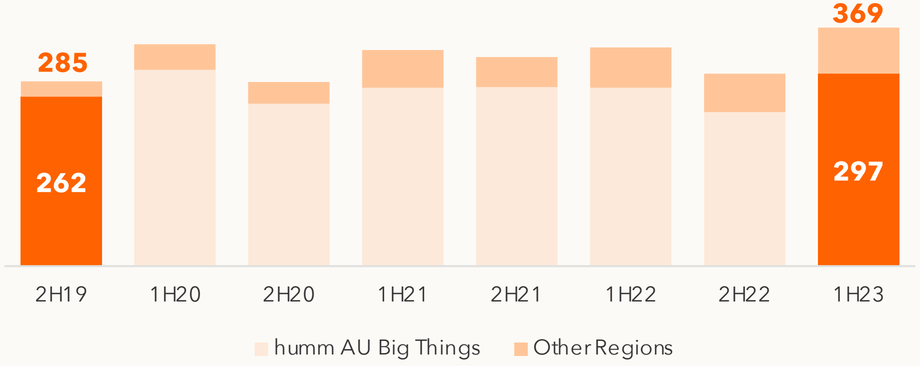
HUMM AU BT VOLUME AND FRONT BOOK YIELD



2H23 FOCUS

- Near term opportunities to grow merchant and customer numbers as smaller less capitalised competitors cease to operate in ANZ market
- Increased market share with higher yields as a result of targeted merchant onboarding
- Legacy non-core smaller ticket products gradually phased out by 30 June 2023
- Margin management through MSF and fees
- Readying product for regulation in Australia

'BIG THINGS' VOLUME (A$M)



03

GROUP FINANCIALS

HUMMGROUP FINANCIAL PERFORMANCE

WE HAVE CHANGED THE WAY WE COMMUNICATE OUR RESULTS GIVEN THE SIGNIFICANT MOVEMENTS OVER THE PERIOD

HUMMGROUP ($M)[1]	1H23	1H22
Statutory NPAT	**7.5**	**(168.3)**
Legal provision	0.2	8.4
Impairment of intangibles	2.0	181.2
Amortisation of acquired intangibles	2.3	0.9
Transaction costs	0.3	3.5
Redundancy	1.6	0.5
Other	2.8	1.6
Cash NPAT	**16.7**	**27.8**
Movement in AASB9 Provision	**4.4**	**(10.2)**
Suspended products and related costs	**13.4**	13.3
Depreciation	4.0	7.0
Normalised Cash Profit (after tax)	**38.5**	**37.9**

1. The profit and loss statement and breakdown of non-cash items can be found in the appendices.

NORMALISED CASH PROFIT AFTER TAX

Normalised cash profit represents statutory net profit after tax, adjusted for:

- Material infrequent items (such as legal provisions, one-off transaction costs, restructure and redundancy costs) – items previously included in CNPAT;
- Non-cash items such as depreciation and AASB9 provisions totalling $8.4m; and
- Operating losses of suspended products announced to the market, **humm**pro, **bundll**, **humm** NZ and **humm** UK, including related exit costs totaling $13.4m

BASIS FOR USE

- Management consider that normalised cash profit is the best indicator of on-going performance for the **humm**group and reflects the core underlying cash profit for the business adjusted for non-recurring items
- There was significant movement in non-cash items including movement in AASB provisions of $14.6m (to account for growth) and depreciation compared to pcp
- For transparency and consistency **humm**group will communicate both measures for this period and the full-year results

MATERIAL NON-CASH ADJUSTMENTS

- Impairment of intangibles – prior period included impairment of goodwill and software
- Accelerated amortisation of intangibles $2.3m
- Transaction costs and legal provision in pcp
- Other includes historical Ireland tax matters

HUMMGROUP FINANCIAL PERFORMANCE

NORMALISED CASH PROFIT (AFTER TAX) UP 2% TO $38.5M

HUMMGROUP ($M)[1]	1H23	1H22	MVMT
Gross income	243.7	220.7	23.0
Net operating income	154.3	169.4	(15.1)
Credit impairment charge	(39.5)	(23.6)	(15.9)
Marketing expense	(9.9)	(16.8)	6.9
Operating expenses	(83.0)	(91.4)	8.4
Tax expense	(5.2)	(9.8)	4.6
Cash NPAT	**16.7**	**27.8**	**(11.1)**
AASB9 Credit Provision	**4.4**	**(10.2)**	**14.6**
Suspended products and related costs	13.4	13.3	(0.1)
Depreciation	4.0	7.0	(3.0)
Normalised Cash Profit (after tax)	**38.5**	**37.9**	**0.6**
Dividend (fully franked)	**1.0c**	**1.7c**	**(0.7c)**

1. The profit and loss statement and breakdown of non-cash items can be found in the appendices.

CASH NPAT

- Gross income of $243.7m a 10% increase on pcp
- Net operating income down 8.9% due to margin compression, competitive pricing and higher cost of funds
- Credit impairment costs of $39.5m, up 67.4% due to volume increases and prior period COVID related provision releases. Lower net losses in current period
- Marketing cost reduction associated with suspended products, **humm** UK and 'Little things'
- Reduction in operating expenses due to depreciation reductions, FTE, offset by investment in offshore, technology costs and inflation
- Cash NPAT of $16.7m, down 39.9%

NORMALISED CASH PROFIT (AFTER TAX)

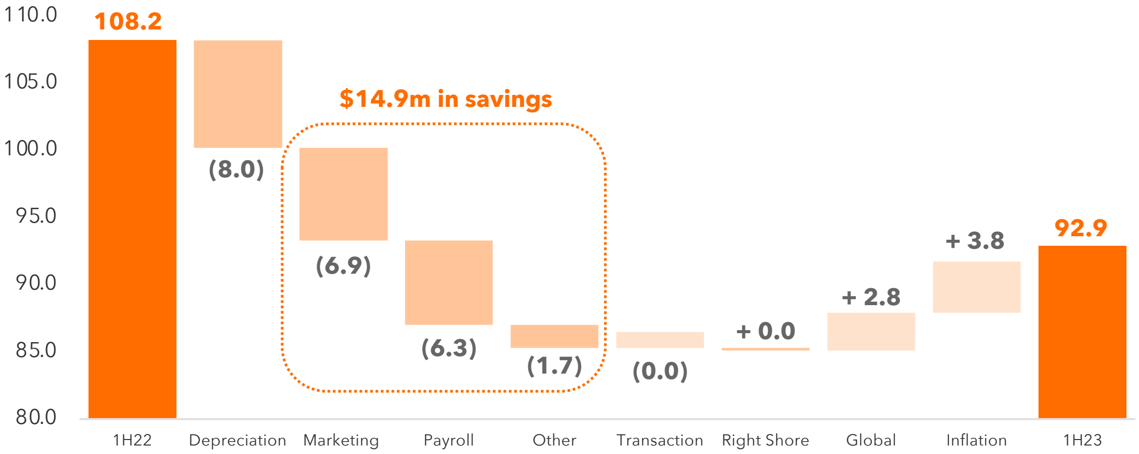
- $14.6m movement in AASB9 Credit Provision on pcp. Resulting from growth provisions on new business growth in 1H23. Prior period included a release COVID related provisions previously recognised
- $13.4m for suspended products and related costs including the legacy consumer leasing product, **humm** NZ, **humm**pro and **bundll.** Reductions in costs are phased to the second half
- Lower Depreciation (excl. suspended products) to impairments made in FY22

DIVIDENDS

- **humm**group remains committed to paying dividends where there is sufficient capital and liquidity to fund growth – target payout range unchanged at 30-40% Cash NPAT
- Continued profitability and balance sheet strength supports fully franked dividend in 1H23 of 1.0 cps
- **humm**group Dividend Reinvestment Plan ("DRP") will apply

COMMITTED TO COST TRANSFORMATION

HUMMGROUP OPERATING EXPENDITURE



$M	1H23	1H22	MVMT
Marketing	9.9	16.8	(6.9)
Employment	42.4	45.1	(2.7)
Professional and outsourced operations	9.7	9.3	0.4
Information Technology and communication	16.3	14.0	2.3
Insurance and other occupancy	4.5	3.4	1.1
Other expenses	2.9	4.4	(1.5)
Depreciation	7.2	15.2	(8.0)
Total expenses	**92.9**	**108.2**	**(15.3)**

STRONG PROGRESS ON COST REDUCTIONS

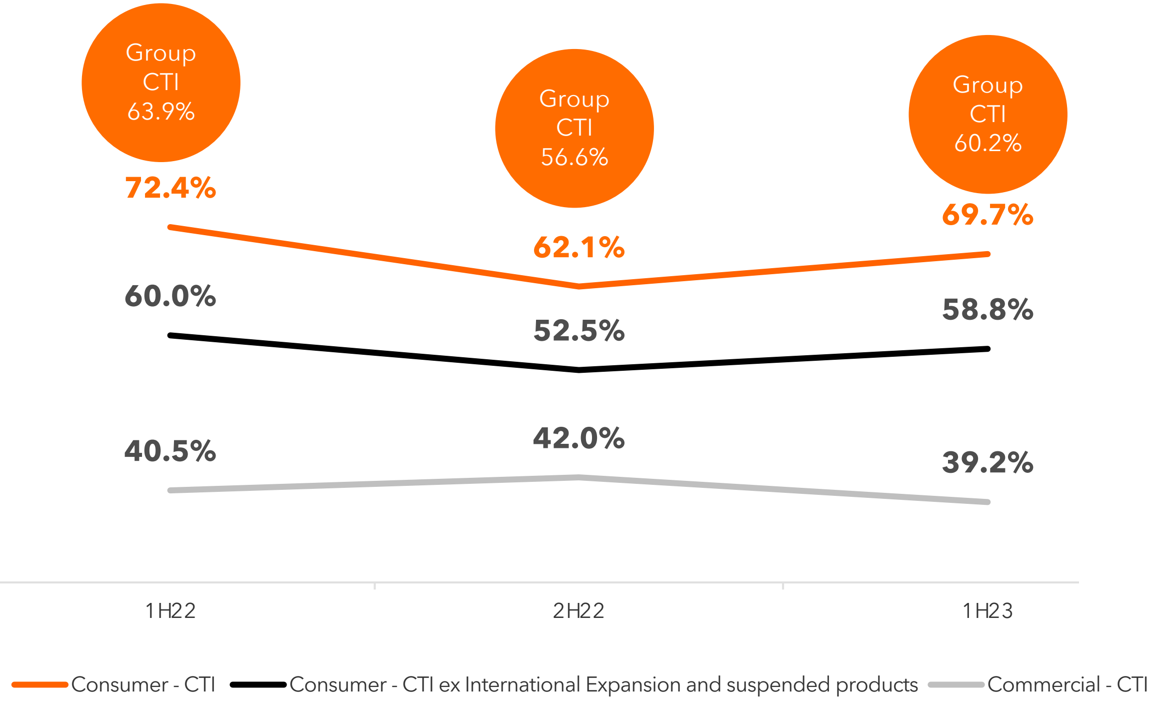
- Marketing reductions of $6.9m from the closure of suspended products, **humm** UK and lower spend on 'Little things' and the focus on big ticket PosPP
- Lower depreciation of $8.0m from prior period impairments
- Payroll in Australia and New Zealand has reduced by $6.3m with a 126 reduction in headcount. This has been offset by increases in offshore locations and redundancy payments for the UK
- Successfully executed right shoring strategy with teams relocated from Adelaide and Auckland to Manila

COST INCREASES

- Increased investment in UK and Canada compared to the prior period; with a decision made to retreat from the UK in November 2022, to deliver target marketing and operating cost savings for the year
- Commercial cost increases associated with the ongoing investment; in line with operating leverage being achieved in this business
- Higher costs following the failed transaction from the prior period
- Inflation represents notional payroll and non-payroll cost increases in the current market

COST TO INCOME: COMMITTED TO COST TRANSFORMATION

COST TO INCOME RATIO[1]



1. Cost to income is calculated on a Cash NPAT basis by dividing total expenses (operating, marketing, employment, depreciation and amortisation) by net operating income (gross income, less interest expense and cost of origination). 2. Operating expenses in commentary based on Cash NPAT.

COST TO INCOME RATIO IMPACTED BY LOWER NOI

- Cost to income ratio is calculated as Operating Costs (Employment Costs, Marketing, Depreciation and Other Operating Costs) as a percentage of Net Operating Income
- Net operating income reduced by $15.1m in the current period
- Excluding higher funding costs pro-forma CTI (based on 1H22) would reduce from 63.9% to c54.8% (i.e. assuming no reduction to NOI from higher funding costs)

ROAD MAP: INTERIM CONSUMER TARGET OF 50% CTI[2]

- Simplification through product rationalisation will result in cost out in the second half as systems are "turned-off" and operational expenditure is reduced in these areas
- Technology enabled transformation to drive productivity and scalability
- Targeted IT cost reduction through Cloud, simplification, system consolidation and automation
- Reduced FY23 CAPEX to $18m (compared to pcp) will result in lower on-going depreciation charges
- Consolidation of customer service centres and right-shoring of operations roles
- Targeting FY23 cost savings of $15-20m with annualised benefits of $20-$25m

CREDIT RISK MANAGEMENT

DATA AND TECHNOLOGY DRIVING SUSTAINABLE IMPROVEMENTS

PRODUCT [1]	DENOMINATOR	1H23	1H22	MVMT
PosPP big ticket [2, 3]	ANR	2.5%	2.5%	-
PosPP small ticket [2, 4]	Volume	2.7%	4.0%	130bps
AU Cards	ANR	2.6%	2.9%	30bps
NZ Cards	ANR	3.0%	3.1%	10bps
Consumer	**ANR**	**3.3%**	**4.1%**	**80bps**
Commercial	ANR	0.5%	0.6%	10bps
Group	**ANR**	**1.95%**	**2.85%**	**90bps**

1. Net loss includes bad debts and loss recoveries. 2. PosPP has been split between big ticket and small ticket above as shorter dated small ticket products are best compared against volume. For information PosPP net loss to ANR is 3.9% at 1H23 versus 5.5% at 1H22. 3. Big ticket includes **humm** AU BT and Ireland. 4. Small ticket includes **humm** AU LT, **bundll** and **humm** NZ.

GROUP

- Net loss/ANR of 1.95% down 85bps reflecting our strength in credit decisioning and management practices. This is a historical low for net loss across the Group

PosPP

- PosPP big ticket loss to ANR for 1H23 is in line with pcp at 2.5%.
- PosPP small ticket loss to volume has decreased from 4.0% in 1H22 to 2.7% in 1H23 with reduced losses in 'Little things' and losses from **bundll**
- Net loss to volume measure has been reported for PosPP small ticket as it is more appropriate for short dated products

AUSTRALIA CARDS

- Net loss/ANR down 30bps due to continued strong credit performance arising from improved use of data and technology, paydown of receivables and better loss recoveries

NEW ZEALAND CARDS

- Net loss/ANR down 10bps reflecting the maturing of the Q Mastercard product, better use of data and technology and improved recovery rates

COMMERCIAL

- Net loss/ANR flat down 10bps reflecting improved credit quality in Commercial Australia and benefiting from strong growth (denominator effect)

AASB9 PROVISIONING MOVEMENTS

$M	1H23	1H22	MVMT
Net loss[1]	34.4	40.7	(6.3)
Macro provision	1.1	(6.0)	7.1
Provision movement	4.0	(11.1)	15.1
Credit impairment charge	**39.5**	**23.6**	**15.9**
Net loss			
PosPP			
Big ticket [2]	7.3	8.9	(1.6)
Small ticket [3]	8.0	12.5	(4.5)
AU Cards	5.6	6.2	(0.6)
NZ Cards	8.6	9.9	(1.3)
Commercial	4.9	3.2	1.7
Group	**34.4**	**40.7**	**(6.3)**
Provision movement			
PosPP	(1.6)	(1.9)	0.3
AU Cards	0.6	(6.6)	7.2
NZ Cards	1.2	(2.6)	3.8
Commercial	3.8	–	3.8
Group	**4.0**	**(11.1)**	**15.1**

1. Net loss includes bad debts and loss recoveries. 2. Big ticket includes **humm** AU BT and Ireland. 3. Small ticket includes **humm** AU LT, **bundll** and **humm** NZ.

NET LOSS REDUCTION OF $6.3M ON PCP

- Net loss of $34.4m decreased by $6.3m on pcp demonstrating improved quality of receivables book
- PosPP down $6.1m or 29% – lower write offs and impact of exited products
- AU Cards down $0.6m or 10% – lower write offs with improved arrears
- NZ Cards down $1.3m or 13% – lower write offs with improved arrears
- Commercial up $1.7m or 53% – increase with growth in receivables balances. Net loss reduction of 10bps to 0.5%

MACRO PROVISION $1.1M ($5.8M RELEASE IN 1H22)

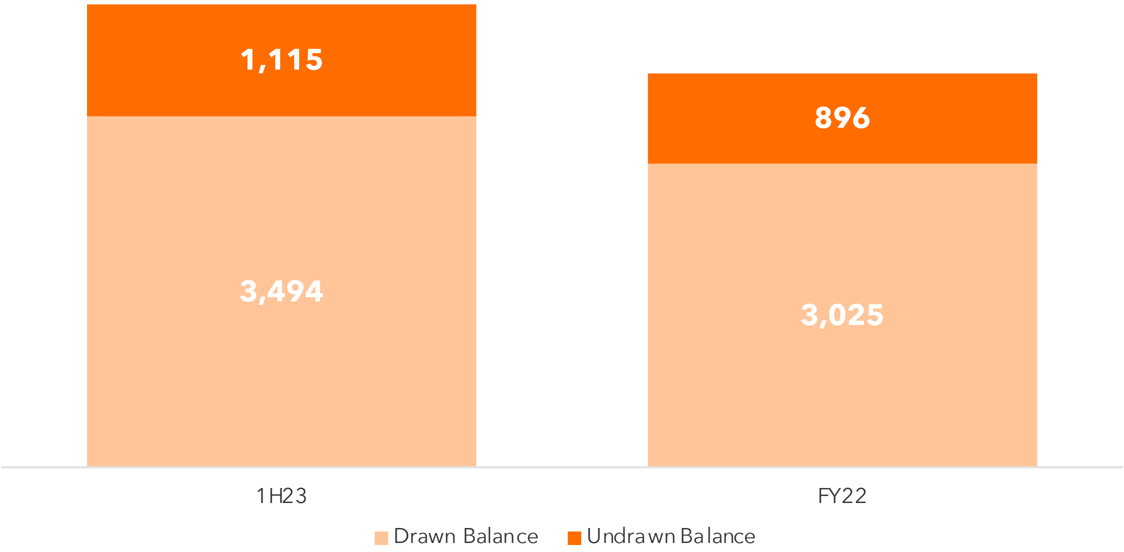
- Macro provision of $1.1m was recorded on increased receivables
- Macro provision release of $5.7m in 1H22 reflected surplus macro provision booked in FY20 in anticipation of losses rising as a result of COVID in 1H23

PROVISION OF $4.0M ($11.0M "COVID" PROVISIONS RELEASED IN 1H22)

- PosPP release this year reflects lower arrears and exit of products; primarily in **bundll** following changes to origination and credit controls and better recovery rates
- AU Cards and NZ Cards – increase in provision in line with increased receivables
- Commercial provision of $3.8m reflecting strong growth and higher volumes across the portfolio
- Conservative credit provision settings maintained

STRONG BALANCE SHEET TO FUND GROWTH

WHOLESALE FUNDING FACILITIES



WHOLESALE FUNDING FACILITIES

- Well established funding platform a strategic differentiator against peers with increased capacity to support growth
- 2 new warehouse facilities executed in the period
- Investors continue to provide robust support for our term issuance, despite the challenging environment, allowing us to execute two term transactions across November and December
  - $250m Commercial ABS deal executed in November 2022
  - $210m PosPP deal executed in December 2022
- Undrawn warehouse capacity of $1.1b at December 2022

CORPORATE DEBT FACILITY

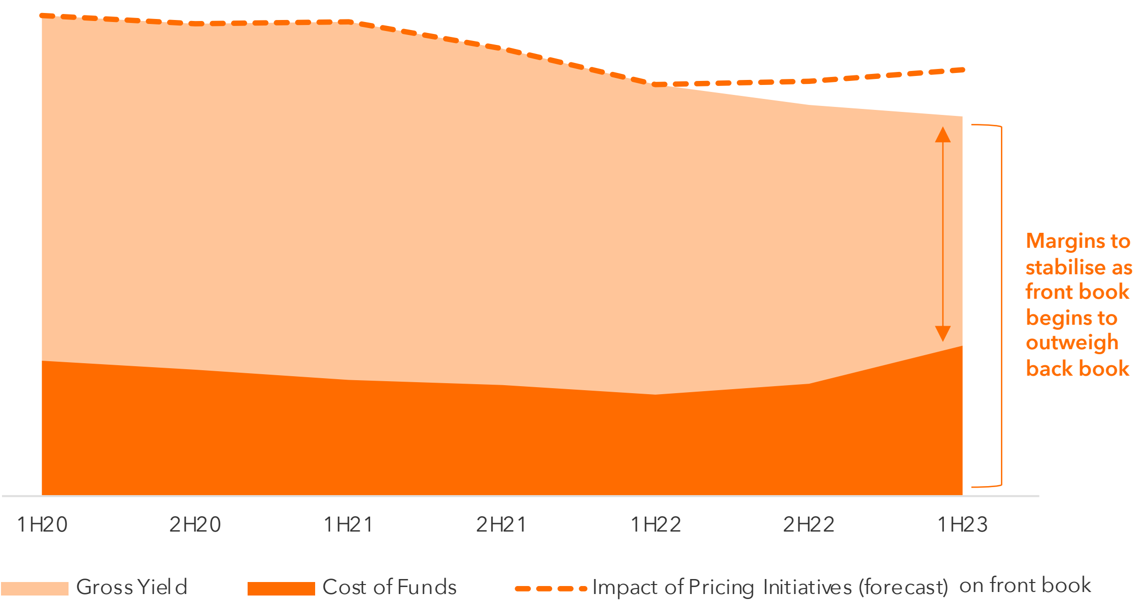
- Retired $110m syndicated revolving corporate debt facility in December 2022
- Replaced with a new $150m growth facility which can be applied to higher growth capital requirements stemming from a growing book of receivables, chattel loans and customer loans
- Growth facility drawn of $50m

CASH

- Unrestricted cash of $102.8m marginally lower on June 2022; following strong cash flows from operating activities, increase in Corporate Borrowings and increased investment in volume growth across commercial and consumer books

NIM IMPACTED BY INCREASED COST OF FUNDS AND PRICING PRESSURES

PRICING AND CAPITAL INITIATIVES TO ADDRESS MARGIN PRESSURE



ENVIRONMENT

- Unprecedented pace of rises to base interest rates beginning in 3Q22
  - +300bps in Australia
  - +400bps in New Zealand
- Highly competitive environment across certain products and verticals resulted in areas of irrational pricing
- Challenging capital and funding markets which are likely to continue until rates stabilise

MANAGEMENT RESPONSES

- Detailed pricing analysis by product, vertical and merchant resulted in execution of pricing initiatives across commercial and consumer portfolios
- Management of interest rate risk in the lending book with strong hedging levels

KEY OUTCOMES

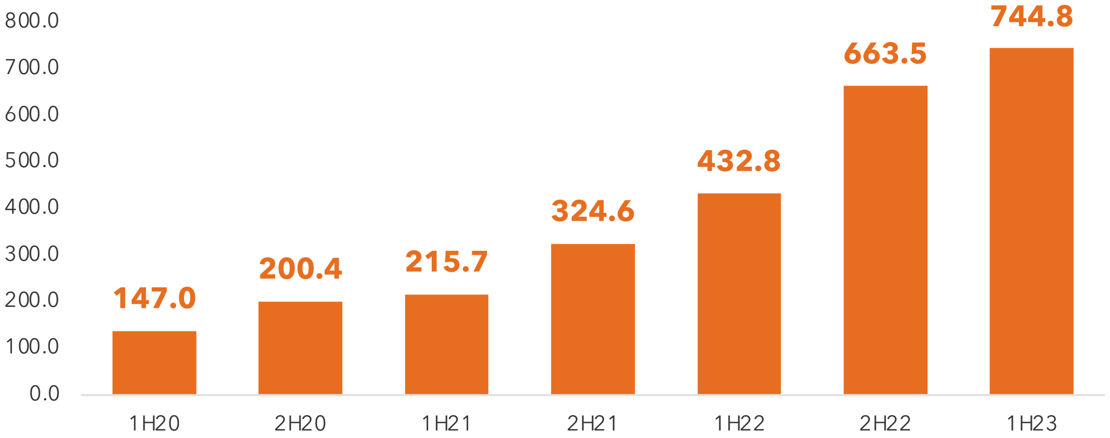
- Continue to review merchant and customer pricing and make changes where appropriate
- Proactively manage hedge levels and products

COMMERCIAL

COMMERCIAL

$M	1H23	1H22	V PCP
Gross income	86.1	57.1	51%
Net operating income	48.2	45.4	6%
Cash NPAT	**14.6**	**15.3**	**(5%)**
Normalised Cash Profit (after tax)	**19.3**	**17.2**	**12%**
Volume	**744.8**	**432.8**	**72%**

TRACK RECORD OF VOLUME GROWTH ACROSS COMMERCIAL



STRONG MOMENTUM IN COMMERCIAL SEGMENT

- Normalised Cash Profit (after tax) of $19.3m up 12% on pcp
- 51% increase in Gross Income to $86.1m from strong volume with improvement in yield in the first half
- Net operating income of $48.2m million increased 6% on pcp growth offset by higher funding costs. NIM has been stabilised following a quarter of margin squeeze

CONTINUED GROWTH IN AUSTRALIA FLEXICOMMERCIAL

- Continued growth in operating income as the business has seen significant receivables growth despite interest rate rises and inflationary pressures on costs of goods
- Higher funding costs resulted in margin pressure in the first quarter of the year – has now normalised on the front book
- Stable cost base compared to pcp as operating leverage achieved

STRONG FUNDING BASE FOR FUTURE GROWTH

- Mezzanine funding utilised across all Commercial warehouse facilities in Australia and New Zealand
- New growth facility of $150m available to meet future origination growth ($50m drawn at 31 December 2022)
- Continued support for flexicommercial brand across public capital markets with a successful $250m ABS transaction executed in November 2022

FLEXICOMMERCIAL

FLEXICOMMERCIAL AUSTRALIA	1H23	2H22	1H22
Volume (A$m)	638.7	589.1	393.9
Number of transactions	5,664	5,341	4,322
Product yield (%)	9.8	9.2	10.4
Average receivables (A$m)	1,540	1,132	855
Cost of funding/borrowings (%)	4.7	3.0	2.7
Net loss/ANR (%)	0.6	0.8	0.7
Normalised Cash Profit (after tax)	13.7	13.4	16.2

- Volume growth exceptionally strong reflecting strength in the broker led SME market and our clear differentiation in 'speed to yes' and 'speed to settlement'
- Product yield strengthening from 2H22 as cost of fund increases are successfully passed on. Front book NIM position fully recovered for impact of rate rises
- Cost of fund increases associated with increased swap costs and improved capital efficiency following the introduction of mezzanine funding
- Net losses continue to be strong as a result of "bank grade" credit being written and recoveries remaining strong

FLEXICOMMERCIAL NEW ZEALAND	1H23	2H22	1H22
Volume (A$m)	106.1	74.4	38.9
Number of transactions	1,814	1,827	1,618
Product yield (%)	10.4	13.2	16.2
Average receivables (A$m)	195	146	139
Cost of funding/borrowings (%)	5.8	3.7	3.0
Net loss/ANR (%)	0.2	0.4	0.2
Normalised Cash Profit (after tax)	5.6	3.8	3.1

- Volume growth has accelerated as the broker originated SME asset finance business in New Zealand is established; consistent with the Australian Business
- Product yield is drifting down as expected due to mix changes and growth in asset financing with continued improvements to pricing in this market
- Cost of fund increases have been higher than Australia due to a more aggressive Central Bank response and improved capital efficiency following the introduction of mezzanine funding
- Net losses remain stable at relatively low levels
- New business growth progressing well with technology investment in New Zealand

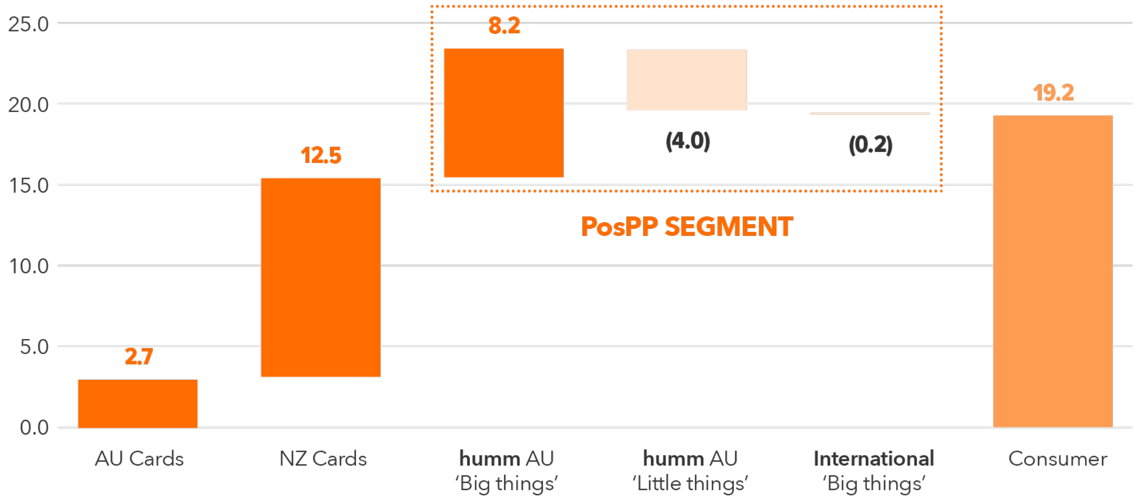
1. Gross income/average net receivables.

CONSUMER FINANCE

CONSUMER FINANCE

$M	1H23	1H22	V PCP
Gross income	157.6	163.6	(4%)
Net operating income	106.1	124.0	(14%)
Cash NPAT	**2.1**	**12.5**	**(83%)**
Normalised Cash Profit (after tax)	**19.2**	**20.7**	**(7%)**
Volume	**1,251.7**	**1,234.0**	**1%**

CONSUMER NORMALISED CASH PROFIT (AFTER TAX)



REDUCED EARNINGS IN A CHALLENGING OPERATING ENVIRONMENT

Normalised CPAT of $19.2m; down 7.0% (1H22: $20.7) a result of:

- Margin compression as pricing increases have lagged cost of funds increases
- Higher paydown rates and lower interest-bearing receivables across the cards market which has impacted both AU and NZ
- Higher funding costs across both the POS Payment Plan and Australia and Cards businesses
- Competitive pricing pressures in POS Payment Plan business slowly abating

FOCUSING ON PROFITABLE GROWTH

- Optimising profitability focus on unit economics and targeted focus by product, geography and merchants
- Exiting of unprofitable businesses has been executed
- Reduced operating cost base from lower marketing (suspended products, humm UK and 'Little things')
- Repricing initiatives across POS Payment Plan and Cards – timing of increases results in benefits being fully recognised in future periods

MANAGING RISK ACROSS THE BUSINESS

- Lower net losses in current period
- Expecting margin pressure to improve in 2H23 following a series of repricing initiatives and interest free volumes converting into interest bearing accounts

CONSUMER FINANCE: **HUMM** AUSTRALIA

HUMM AUSTRALIA ('BIG THINGS')	1H23	2H22	1H22
Volume (A$m)	297.4	237.8	275.7
Receivables (A$m)	620.8	601.0	614.6
Product yield (%)[1]	14.2	14.9	14.7
Net loss/ANR (%)	2.7	3.1	2.7
Cost of funding/borrowings (%)	3.5	2.6	2.3
Cash NPAT[2] (A$m)	7.1	9.0	12.3
Normalised Cash Profit (after tax) (A$m)	8.2	9.6	10.4

- Volume growth in 'Big things' is a result of focus and increased demand in Solar, Health and increased ATV's which has grown to approximately $4,500
- Pricing activity is yielding good results on the front book with execution of pricing changes taking longer to realise in this product. Back book yield impacted by historic competitive pressures that is slowly abating
- Net losses are stable noting some seasonality impacts in 2H22
- Funding costs have increased with the rising interest rate environment
- Normalised Cash Profit (after tax) in 1H23 has been impacted by margin compression, increased funding costs

HUMM AUSTRALIA ('LITTLE THINGS')	1H23	2H22	1H22
Volume (A$m)	137.1	152.6	149.2
Receivables (A$m)	43.9	49.2	42.9
Product yield (%)[1]	9.0	8.5	7.2
Net loss/volume (%)	5.4	8.8	6.5
Cost of funding/borrowings (%)	3.3	1.9	1.6
Cash NPAT[2] (A$m)	(3.2)	(6.1)	(6.5)
Normalised Cash Profit (after tax)	(4.0)	(5.8)	(4.8)

- Volume reduction over 1H23 reflects a focus on profitable 'Little things' merchants and a continued pivot to it becoming a companion product to 'Big things'
- Product yield has increased in line with merchant and customer repricing initiatives
- Net losses have improved in line with expectation as credit settings are tightened and product features reduced
- Funding costs have increased with the rising interest rate environment, noting that this product has higher churn
- Improved Normalised Cash Loss (after tax) in 1H23 is a result of new fee initiatives, better net losses, partly offset by increased funding costs

1. Gross income/average net receivables for **humm** AU 'Big things' and gross income/volume for **humm** AU 'Little things'. 2. **humm** AU is operated as a portfolio including both 'Big things' and 'Little things' products and Cash NPAT has been allocated based on assumptions related to fees, cost of sales and operating expenditure.

CONSUMER FINANCE: CARDS

NEW ZEALAND CARDS	1H23	2H22	1H22
Volume (A$m)	381.1	334.6	359.2
Receivables (A$m)	606.6	572.4	628.9
Interest bearing balances (%)	60.3	59.5	61.2
Product yield (%)	20.1	19.5	20.1
Net loss/ANR (%)	3.0	3.4	3.1
Cost of funding/borrowings (%)	4.5	3.7	3.1
Cash NPAT (A$m)	9.0	13.3	17.5
Normalised Cash Profit (after tax) (A$m)	12.5	14.8	16.9

- Volume has grown in line with increased customer spending in the second quarter. Receivables were impacted by higher paydown rates in the first quarter, consistent with the market, which reduced normalised profit
- Product yield is stable as repricing provides support against decline in interest bearing balances
- The funding cost across the credit card portfolio has benefited from a conservative hedging position
- Net loss to ANR is stable following improvements in the use of data and technology, noting an increase in the prior half due to seasonality
- Normalised Cash Profit (after tax) impacted by margin compression and receivables paydowns in the first quarter

AUSTRALIA CARDS: HUMM90	1H23	2H22	1H22
Volume (A$m)	266.0	254.4	223.9
Receivables (A$m)	437.8	435.2	428.0
Interest bearing balances (%)	54.5	52.4	58.5
Product yield (%)	18.1	17.4	18.0
Cost of funding/borrowings (%)	4.7	4.1	4.1
Net loss/ANR (%)	2.6	2.0	2.9
Cash NPAT (A$m)	1.2	4.2	4.7
Normalised Cash Profit (after tax) (A$m)	2.7	4.0	0.7

- Volume has increased as travel continues to return and customer spending gains momentum as the market moves further beyond the pandemic
- The proportion of interest-bearing balances drifted down as legacy product receivables (high proportion interest bearing) were repaid
- The funding cost across the credit card portfolio has benefited from conservative hedging position
- Net loss to ANR improvement due to lower write-offs in the current period highlighting strength of AU Cards receivables book
- Normalised Cash Profit (after tax) improvement from lower net losses and lower operating costs which were partially offset by higher cost of funds

04

SUMMARY

OUTLOOK

- PROFITABLE GROWTH
- STRONG CAPITAL AND BALANCE SHEET POSITION
- POSITIVE CREDIT OUTLOOK
- EXECUTION OF COST SAVINGS
- RISING COST OF FUNDS

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